

AMERICA'S STUDENT
LOAN PROVIDERS

www.aslp.us



Contact: Kevin Bruns
202.721.1190 / Kevin@aslp.info

CBO ISSUES NEW ESTIMATE OF ADMINISTRATION STUDENT LOAN PROPOSAL

Washington, DC (July 28, 2009) – Kevin Bruns, executive director of America's Student Loan Providers, issued the following statement in response to the Congressional Budget Office's new estimate that shows the Administration's student loan proposal *saving \$33 billion less than projected*:

"The Congressional Budget Office's new estimate confirms that the savings projected from switching all student lending into the Direct Loan program are greatly inflated. CBO's analysis is consistent with everything the student loan community, U.S. Government Accountability Office, Congressional Research Service, and other nonpartisan experts have said for years.

"CBO's estimate also demonstrates just how significant an impact that defaults have on program costs and why preserving existing default prevention services is so important.

"After factoring in the Direct Loan program's added administrative costs and adjusting for normal fluctuations in economic conditions, CBO determined that the cost savings of the Administration's proposal would be \$33 billion less than projected – that's reason enough for Congress not to rush consideration of the Administration's proposal and to consider alternative reform proposals that pose less risks and costs to students and schools."

A copy of CBO's letter to Senator Judd Gregg (R-NH), ranking member of the U.S. Senate Budget Committee, may be found at: <http://www.cbo.gov/doc.cfm?index=10295>

America's Student Loan Providers represents the nation's leading private, nonprofit and state-based education and financial organizations that provide federally guaranteed student loans through the Federal Family Education Loan Program. By leveraging private financial markets and competing for the right to lend to students, ASLP members offer low-cost loans and superior levels of service to millions of students and most of the 4,400 postsecondary institutions that participate in FFELP. More information is available at www.aslp.us or call 202.721.1190.

###